

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Grand Blanc District Library Commission	County Genesee
Fiscal Year End 12/31/07	Opinion Date 5/23/08	Date Audit Report Submitted to State JUNE 13, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

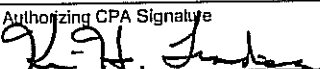
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES** **NO** Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lewis & Knopf, P.C.		Telephone Number 810-238-4617		
Street Address 5206 Gateway Centre - Ste 100		City Flint	State MI	Zip 48507
Authorizing CPA Signature 		Printed Name Kim H. Lindsay, CPA		License Number 110101843

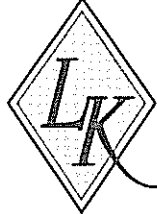
GRAND BLANC DISTRICT LIBRARY COMMISSION

GRAND BLANC, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2007

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*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

May 23, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the  
Grand Blanc District Library Commission

We have audited the accompanying financial statements of the governmental activities of the Grand Blanc District Library Commission (the "Commission") as of and for the year ended December 31, 2007 and for the year then ended, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Grand Blanc District Library Commission at December 31, 2007 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GRAND BLANC DISTRICT LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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As management of Grand Blanc District Library Commission, we offer readers of Grand Blanc District Library Commission's financial statements this narrative overview and analysis of the financial activities of the Grand Blanc District Library Commission.

The basic financial statements for the Grand Blanc District Library Commission are comprised of the governmental fund balance sheet/statement of net assets, combined statement of revenues, expenditures, and changes in fund balances-statement of activities and notes to the financial statement.

The statement of net assets presents the information of the governmental fund for both the assets and liabilities, with the difference between the two reported as net assets.

The statement of activities presents information showing how the governmental fund's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental fund financial statements.

**Financial Highlights**

The government-wide financial analysis focuses on the Statement of Net Assets and the Statement of Activities. The total assets of the Commission are \$74,213 of which \$6,977 represents capital assets net of accumulated depreciation. The liabilities are \$3,278, which represents amounts due to vendors, leaving current net assets of \$70,935.

Net assets increased by \$14,054 for the Commission as a result of a decrease in building repairs and maintenance and an increases in donations.

The Commission adopted their budget. General fund revenues of \$97,589 did not exceed expenditures of \$83,535 increasing fund balance by \$14,054. General fund expenditures were \$8,465 under budget.

**The Commission as a Whole**

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior year:

	<u>2007</u>	<u>2006</u>
Current Assets	\$67,236	\$53,872
Capital Assets - Net of Depreciation	<u>6,977</u>	<u>4,938</u>
Total Assets	\$74,213	\$58,810
 Current Liabilities	 3,278	 3,968
 Net Assets		
Invested in Capital Assets	6,977	4,938
Unrestricted	<u>63,958</u>	<u>49,904</u>
 <u>TOTAL NET ASSETS</u>	 <u>\$70,935</u>	 <u>\$54,842</u>

The Commission's governmental activities net asset increased 29% from a year ago increasing from \$54,842 to \$70,935. Last year's net assets decreased by 77.6%.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**The District as a Whole (Continued)**

The following table shows the changes in the net assets during the current year and as compared to the prior year:

	<u>2007</u>	<u>2006</u>
Revenue		
General Revenue		
Intergovernmental	\$92,000	\$92,000
Interest and Other	5,589	2,475
Total Revenue	<u>\$97,589</u>	<u>\$94,475</u>
Program Expenses		
Library Building Operations	<u>81,497</u>	<u>145,738</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>\$16,092</u></b>	<b><u>(\$51,263)</u></b>

**General Fund Budgetary Highlights**

**OPERATING FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenues	\$92,000	\$92,000	\$97,589	0.00	6.08
Expenditures	<u>92,000</u>	<u>92,000</u>	<u>83,535</u>	0.00	9.20
<b><u>TOTAL</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$14,054</u></b>		

**Capital Asset**

As a result of GASB 34 implementation, the District adopted a capitalization policy of \$1,000. Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance Jan. 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2007</u>
GOVERNMENTAL ACTIVITIES				
Furniture and Fixtures	\$2,848	\$0	\$0	\$2,848
Leasehold Improvements	0	3,550	0	3,550
Machinery and Equipment	<u>6,533</u>	<u>0</u>	<u>0</u>	<u>6,533</u>
Totals at Historical Cost	\$9,381	\$3,550	\$0	\$12,931
Less: Accumulated Depreciation	<u>(4,442)</u>	<u>(1,512)</u>	<u>0</u>	<u>(5,954)</u>
<b><u>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET</u></b>	<b><u>\$4,939</u></b>	<b><u>\$2,038</u></b>	<b><u>\$0</u></b>	<b><u>\$6,977</u></b>

GRAND BLANC DISTRICT LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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**Economic Factors and Next Year's Budget And Rates**

The Commission's 2008 adopted budget is as follows:

REVENUE	\$104,300
<u>EXPENDITURES</u>	<u>104,300</u>
<u>NET (UNDER) BUDGET</u>	<u>\$0</u>

**Contacting the Commission's Financial Management**

If you have questions about this report or need additional information, contact the Debbie Rolf, Treasurer at 810-694-1983.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
GOVERNMENTAL FUND BALANCE SHEET/ STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2007

	<u>General Fund - Modified Accrual Basis</u>	<u>Adjustments (Note 2 B)</u>	<u>Statement of Net Assets - Full Accrual Basis</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$48,837	\$0	\$48,837
Taxes Receivable	18,399	0	18,399
Total Current Assets	<u>\$67,236</u>	<u>\$0</u>	<u>\$67,236</u>
<u>NON-CURRENT ASSETS</u>			
Capital Assets	0	12,931	12,931
Less: Accumulated Depreciation	0	(5,954)	(5,954)
Total Non-Current Assets	<u>\$0</u>	<u>\$6,977</u>	<u>\$6,977</u>
<u>TOTAL ASSETS</u>	<u>\$67,236</u>	<u>\$6,977</u>	<u>\$74,213</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$3,278	\$0	\$3,278
<u>FUND BALANCE/NET ASSETS</u>			
<u>FUND BALANCE</u>			
Fund Balance - Undesignated	<u>63,958</u>	<u>(63,958)</u>	<u>0</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$67,236</u>		
<u>NET ASSETS</u>			
Invested in Capital Assets		6,977	6,977
Unrestricted		63,958	63,958
Total Net Assets		<u>\$70,935</u>	<u>\$70,935</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>		<u>\$6,977</u>	<u>\$74,213</u>

See accompanying notes to the basic financial statements



GRAND BLANC DISTRICT LIBRARY COMMISSION  
GOVERNMENTAL FUND REVENUE, EXPENDITURES AND CHANGE IN  
FUND BALANCE/ STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund - Modified Accrual Basis	Adjustments (Note 2 B)	Statement of Activities - Full Accrual Basis
<u>EXPENDITURES/EXPENSES</u>			
Library Building Operations	\$83,535	(\$2,038)	\$81,497
<u>GENERAL REVENUES</u>			
Intergovernmental Revenue	92,000	0	92,000
Interest and Other	5,589	0	5,589
Total General Revenues	<u>\$97,589</u>	<u>\$0</u>	<u>\$97,589</u>
Excess (Deficiency) of Revenues Over Expenditures	\$14,054	\$2,038	\$16,092
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>49,904</u>	<u>4,938</u>	<u>54,842</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$63,958</u>	<u>\$6,976</u>	<u>\$70,934</u>

See accompanying notes to the basic financial statements

GRAND BLANC DISTRICT LIBRARY COMMISSION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUE</u>				
Intergovernmental Revenue	\$92,000	\$92,000	\$92,000	\$0
Interest and Other Income	0	0	5,589	5,589
Total Revenue	<u>\$92,000</u>	<u>\$92,000</u>	<u>\$97,589</u>	<u>\$5,589</u>
<u>EXPENDITURES</u>				
Building Repairs and Maintenance	13,000	10,850	11,228	(378)
Grounds Maintenance	8,000	8,000	8,811	(811)
Insurance	6,500	6,500	3,980	2,520
Janitorial Services	16,000	17,750	18,816	(1,066)
Miscellaneous	400	450	424	26
Plumbing and Heating Repair	10,000	10,000	7,075	2,925
Professional Services	5,000	5,000	2,100	2,900
Security System Maintenance	2,500	2,500	1,642	858
Telephone	600	950	927	23
Utilities	30,000	30,000	28,532	1,468
Total Expenditures	<u>\$92,000</u>	<u>\$92,000</u>	<u>\$83,535</u>	<u>\$8,465</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$0</u>	<u>\$0</u>	\$14,054	<u>\$14,054</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>49,904</u>	
<u>FUND BALANCE - END OF YEAR</u>			<u>\$63,958</u>	

See accompanying notes to the basic financial statements.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Grand Blanc District Library Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Grand Blanc District Library Commission.

A) REPORTING ENTITY

The Grand Blanc District Library Commission was formed by an agreement between the City of Grand Blanc and Grand Blanc Township. The Commission was organized for the purpose of providing library services for the district.

The Commission is governed by a five-member Board appointed by the governing bodies of the participating members. The agreement provides that the allocation will be 60% (Township) and 40% (City) of the net expenses split between the two municipalities. In addition, the Board of the Commission is required to submit an annual operating budget to the governing body of each municipality for approval. Any of the members may withdraw from the Commission by giving written notice one year prior to withdrawal. The withdrawing municipality shall convey its interest to the other participating municipality and shall be reimbursed for its share according to a mutual payment plan which will be consistent with allowable budget expenditures.

The City of Grand Blanc made a contribution of \$36,800 and Grand Blanc Township contributed \$55,200 for a total of \$92,000 for the year ended December 31, 2007.

B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or units of government who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Commission does not have any proprietary or fiduciary funds.

Governmental fund financial statements (i.e. the balance sheet and governmental statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets (expendable available financial resources) and current liabilities (those expected to be liquidated with expendable financial resources) are generally included on its balance sheet. Its reported fund balance (net current assets) is considered a measure of "available spendable resources." Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION  
(Continued)

Municipal billings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental fund:

General Fund - It is used to account for all financial resources except those required to be accounted for in another fund.

D) ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1) Deposits

The Commission's cash and cash equivalents include cash on hand and demand deposits.

2) Capital Assets

Capital assets, which include equipment, are reported only in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Furniture and fixtures, land improvements and building improvements are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	7
Equipment	5
Land Improvements	15
Building Improvements	39

3) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

4) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A) RECONCILIATION OF THE FUND BALANCE AS REPORTED IN THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet. The details of this difference at December 31 , 2007 are as follows:

Capital assets, net of accumulated depreciation	<u>\$6,977</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$6,977</u>

B) RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation is that governmental funds report capital outlays as expenditures at the time of purchase. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference for the year ended December 31, 2007 are as follows:

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$14,054
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Governmental fund report capital outlays as expenditures. However,  
in the state of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense

Accrued long-term liabilities are not reported in the funds	
Purchase of capital assets	3,550
Depreciation expense	<u>(1,512)</u>

<u>CHANGE IN NET ASSETS - STATEMENT OF ACTIVITIES</u>	<u>\$16,092</u>
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GRAND BLANC DISTRICT LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Commission followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 1, a proposed operating budget is submitted to the Commission Board for the year commencing January 1. The operating budget, which is prepared on a basis consistent with accounting principles generally accepted in the United States of America, includes total proposed expenditures, and the means of financing them, for the General Fund.
2. After the Board reviews the proposed budget, it is then sent to the two municipalities for their approval. The budget is legally adopted on a fund basis after each municipality submits its approval to the Commission Board.
3. Any revisions that alter the total expenditures of the General Fund must first be approved by the Board and then by each municipality
4. Budget appropriations lapse at year end.
5. Budgeted amounts are reported on the financial statements as originally adopted and as finally amended by the Commission Board.

4) DETAILED NOTES ON ALL FUNDS

A) DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local government units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements, bankers' acceptances of the United States banks, commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Commission has designated one banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above. The Commission's deposits and investment policies are in accordance with statutory authority. The Commission held no investments at December 31, 2007.

The Commission's cash and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, all of the Commission's bank deposits (checking, savings, and money market accounts) were insured. The Commission evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

GRAND BLANC DISTRICT LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

4) DETAILED NOTES ON ALL FUNDS (Continued)

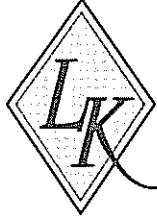
B) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Furniture and Fixtures	\$2,848	\$0	\$0	\$2,848
Leasehold Improvements	0	3,550	0	3,550
Machinery and Equipment	6,533	0	0	6,533
Total Capital Assets Being Depreciated	<u>\$9,381</u>	<u>\$3,550</u>	<u>\$0</u>	<u>\$12,931</u>
Less: Accumulated Depreciation For:				
Furniture and Fixtures	(2,638)	(206)	0	(2,844)
Leasehold Improvements	0	(79)	0	(79)
Machinery and Equipment	<u>(1,804)</u>	<u>(1,227)</u>	<u>0</u>	<u>(3,031)</u>
Total Accumulated Depreciation	<u>(\$4,442)</u>	<u>(\$1,512)</u>	<u>\$0</u>	<u>(\$5,954)</u>
<u>NET CAPITAL ASSETS</u>	<u>\$4,939</u>	<u>\$2,038</u>	<u>\$0</u>	<u>\$6,977</u>

5) RISK MANAGEMENT

The Commission is exposed to various risks at loss related to property loss, torts, errors and omissions. The Commission has purchased commercial insurance for coverage of all claims. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.



*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

May 23, 2008

To the Management of  
Grand Blanc District Library Commission

In planning and performing our audit of the financial statements of Grand Blanc District Library Commission for the year ended December 31, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of issues that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters and some future issues that the District should be aware of. This letter does not affect our report dated, May 23, 2008, on the financial statements of Grand Blanc District Library Commission.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Lewis & Knopf, P.C.*

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



### MANAGEMENT COMMENTS AND RECOMMENDATIONS

1. We noted that the chart of accounts for the organization is not in compliance with the Uniform Chart of Accounts issued by the State of Michigan Department of Treasury.